



CITY OF SANTA BARBARA

FINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: March 1, 2011

TO: Finance Committee

FROM: Housing and Redevelopment Division, Community Development Department

SUBJECT: Proposed Grant To Housing Authority For Purchase Of Property At 1020 Placido Place

RECOMMENDATION:

That the Finance Committee consider and, if appropriate, recommend to the Redevelopment Agency Board approval of a grant of \$865,000 to the Housing Authority of the City of Santa Barbara for the acquisition of the property at 1020 Placido Place as a location for the Project Recovery Detox Facility.

BACKGROUND:

As part of the Redevelopment Agency Fiscal Year 2011 Budget presentation held on May 5, 2010, the Agency Board considered setting aside up to \$1,000,000 to assist in the acquisition of a property to house Project Recovery Detox Center (Detox Center) to facilitate a relocation from Casa Esperanza. At that time, the Agency Board decided to keep the funds in the Redevelopment Agency's Project Contingency Account and directed Staff to continue to work with the appropriate parties in an attempt to locate a suitable property acquisition. If an opportunity arose for the purchase of a property to house the new Detox Center, the Agency Board would consider it at that time.

DISCUSSION:

The Project Recovery Detox Center is currently located at Casa Esperanza (816 Cacique Street) and provides a safe, alcohol-and drug-free environment for the treatment of substance abuse issues. The Council on Alcoholism and Drug Abuse (CADA) currently leases space from Casa Esperanza. The program is a 14-day, social model residential detoxification program. Clients attend daily 12-Step meetings, participate in two early recovery groups and receive individual counseling and discharge planning. The Detox Center can currently hold a maximum of 12 men. Women are transported to Santa Maria for similar detox services and programs.

The location of the Detox Center in the Casa Esperanza facility has proven to be operationally challenging for both CADA and Casa Esperanza. Both agree that Casa Esperanza is not an ideal location for the detox facility and a different location would be beneficial to both parties. Participants in the Detox Center are at the beginning phase of taking positive strides towards overcoming their addiction(s). Participants at the Casa Esperanza Homeless Shelter may or may not have a drug or alcohol problem and may or may not be involved in recovery programs such as CADA's Project Recovery Detox Center.

Casa Esperanza management has long expressed a desire to provide a more controlled environment for their participants, staff, and the general public. Casa Esperanza requested some time ago that CADA begin the search for a new facility. CADA's lease at Casa Esperanza was not renewed at the end of 2010. CADA is currently operating under a month-to-month arrangement as it proactively looks for a new location. By relocating the Detox Center to another site, Casa Esperanza will have the ability to more tightly control the participants in their various programs by creating one point of entry and one point of exit. Providing Casa Esperanza with more control over entry and exit points as well as program participants will allow Casa Esperanza to continue to strengthen their support services. These proposed changes may also alleviate activities in the surrounding area that have been a source of concern from neighbors and the public.

Relationship to *Strategies to Address Community Issues Related to Homelessness in the City of Santa Barbara*: On February 24, 2009, City Council approved the *Strategies to Address Community Issues Related to Homelessness in the City of Santa Barbara* and directed staff to implement each of the 12 recommended strategies. Recommendation #8 states: "The significant need for additional detox beds is recognized and staff is directed to work with relevant agencies to help them with securing locations and funding for more detox beds and recovery beds for homeless individuals with substance abuse problems." On March 30, 2010, staff provided an update on all the strategies including efforts by a working subcommittee of the South Coast Homeless Advisory Committee to find a suitable location for the Detox Center.

Property Search: The search for a new location has been ongoing for over one year and has been a regional collaborative effort between Mayor Helene Schneider, Councilmember Dale Francisco, Redevelopment Agency staff, the Office of Third District County Supervisor Doreen Farr, the Housing Authority, Casa Esperanza, Santa Barbara County Alcohol, Drug and Mental Health Services Department, and CADA. Through these discussions, the working group developed a concept where the Housing Authority could own a property and sublease the property to CADA for the Project Recovery Detox Facility. CADA would operate the facility as they do now and the Santa Barbara County Alcohol, Drug and Mental Health Services Department would continue to provide operational funding for the facility. The Housing Authority and CADA have also received a commitment from a local non-profit to provide up to \$25,000 for renovations necessary to accommodate ADA requirements at the property.

Numerous properties have been reviewed but the various legal requirements for a detoxification facility are many and thus, finding a property has been challenging. However, the Housing Authority has found a property that would allow for the operation of the Detox Center and meets the various ADA and State standards required of such a facility. The Housing Authority has submitted an offer for 1020 Placido Place (see attachment). The property was listed at \$975,000 and includes a total of 1,952 square feet, three bedrooms, four bathrooms on a 6,534 square foot lot. The property is in good condition and is located in the downtown core providing easy access to transportation and other amenities. The Housing Authority has negotiated a purchase price for the

property of \$865,000. The purchase price is equal to the value recently appraised by David Jasso & Associates. The Housing Authority seeks Agency financing in the full amount of the purchase price. Closing costs for the transaction would be paid for by the Housing Authority.

Agency Grant: The requested Agency grant would be secured by a deed of trust recorded against the property in first position. The grant would only become payable in the unlikely event that the grant funds were misused. Given the appraised value of \$865,000 for the property, the Agency grant would be completely secured.

Agency Housing Setaside funds cannot be used for this project because this type of facility does not meet the definition of permanent or transitional housing required for the use of Housing Setaside funds.

The property is located inside the Central City Redevelopment Project Area and Agency funds may be used for the property acquisition if the Agency Board approves the funding and the City Council makes certain findings of fact.

If the property were purchased, the Housing Authority's intent would be to lease the property to CADA at a below-market rent. The Housing Authority would be responsible for maintenance and repairs to the property. CADA would be responsible for the day-to-day operations of the Project Recovery Detox Center. Agency staff would reserve the right to review and approve the terms of the lease.

Public Outreach: The Housing Authority and CADA held a neighborhood meeting on February 22. Notices were mailed out to property owners within 300 feet of the property and the Housing Authority and CADA canvassed the immediate neighborhood leaving notices on door steps and mailboxes. The Housing Authority and CADA plan on having at least one more public outreach meeting prior to the close of escrow.

BUDGET/FINANCIAL INFORMATION:

Funding for the \$865,000 grant is proposed to come from the Redevelopment Agency's Project Contingency Account. The account currently has a balance of \$2,153,768 which is adequate to cover the current grant request.

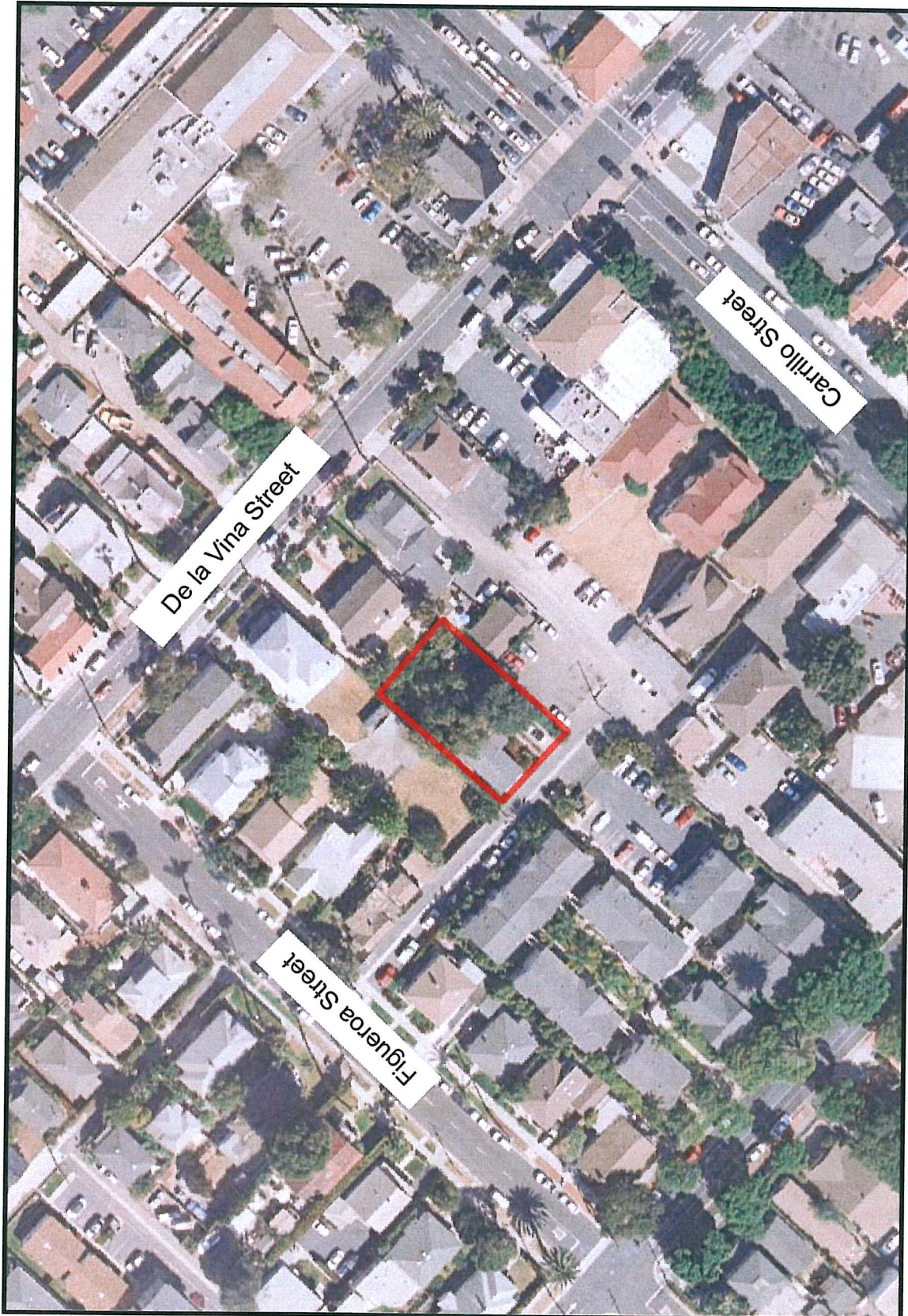
- ATTACHMENTS:**
1. Aerial Map of 1020 Placido Street
 2. Funding Request Letter from the Housing Authority, dated January 31, 2011
 3. Letter of Support from the County of Santa Barbara, dated February 1, 2011
 4. Letter of Support from CADA, dated February 2, 2011

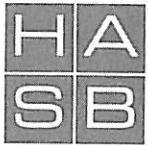
PREPARED BY: Brian J. Bosse, Housing and Redevelopment Manager

SUBMITTED BY: Paul Casey, Assistant City Administrator

APPROVED BY: City Administrator's Office

1020 Placido Place





HOUSING

AUTHORITY OF THE
CITY OF SANTA BARBARA808 Laguna Street / Santa Barbara
California / 93101Tel (805) 965-1071
Fax (805) 564-7041

January 31, 2011

HAND DELIVERED

Mr. Brian Bosse, Housing and Redevelopment Manager
Housing & Redevelopment Division
City of Santa Barbara
630 Garden St.
Santa Barbara, CA 93101

RE: REQUEST FOR CITY RDA FUNDS FOR THE ACQUISITION OF REAL
PROPERTY LOCATED AT 1020 PLACIDO PLACE

Dear Brian,

As you know, the Housing Authority has been assisting the County's Alcohol, drug and Mental Health Services Department (ADMHS), the Casa Esperanza Homeless Center and the Council on Alcoholism and Drug Abuse (CADA) to locate a suitable replacement site for CADA's social model detox/transitional housing program for low income persons and the homeless. The program is currently housed at Casa Esperanza and has proven to be a poor location for this service. Also, the space is inadequate in terms of size, layout and proximity to surrounding uses. Moving it will also realize better property control for Casa Esperanza that the Milpas neighborhood seeks. CADA has requested the Housing Authority's participation as the landowner of the new facility due to our knowledge and abilities relative to residential real estate development and property management.

After viewing several possible locations, the Housing Authority and CADA have identified an available property deemed well located and appropriate for all involved parties. The property is located on Placido Place, a small street off of the 300 block of West Figueroa Street, between Castillo and Bath Streets. This is an owner occupied single family home of approximately 1,952 square feet with 3 large bedrooms, a ground floor den that can be converted to a bedroom, 4 full bathrooms, an attached two-car garage and additional onsite parking. Since it is owner occupied and listed for sale, there are no relocation issues or costs to the Housing Authority. Additionally, the site is located within the Central City Redevelopment Project Area, and the purchase would be a good use of Redevelopment Agency funds. To this end, we are seeking a capital grant from the Redevelopment Agency (RDA) to cover the full cost of this acquisition in the amount of \$865,000.

Given the fact that the property is well suited for the identified need, on January 19, 2011, the Housing Authority Commission adopted Resolution No. 2436 (copy enclosed). The Resolution authorizes Housing Authority staff to negotiate a purchase price less than the listing price of \$975,000 subject to securing an independent appraisal that substantiated the offer amount. The Housing Authority has since negotiated a purchase price of \$865,000 subject to an appraisal and to securing Redevelopment Agency funding. David Jasso & Associates was hired by the Housing Authority to provide an independent, fair market value appraisal of the subject property and we anticipate receipt of the appraisal within twelve days.

Mr. Brian Bosse
Funding Request – 1020 Placido Place
January 31, 2011
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The Housing Authority intends to lease the property at a nominal rate (\$1200/mo. has been proposed) to CADA for their operations. The enclosed proforma shows that, at best, the property will be operating at just above a break-even point assuming the master lease of \$1200 per month. Should the use change in the future, staff believes it would be a good addition to the Authority's Non-HUD rental inventory, most likely as a group home for special needs populations.

If the City/RDA staff finds this request to be reasonable and appropriate, we ask that it be placed before the City Council/RDA in the next 30 days for consideration. With our request moving forward at the City Council/RDA level, we would plan on close of escrow or before March 31, 2011.

As always, the Housing Authority Commission and staff are hopeful that you will agree with the wisdom of this acquisition, its planned use as well as the structure of our requested financing.

Sincerely,

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA

A handwritten signature in dark ink, appearing to read "Rob Pearson", with a long horizontal flourish extending to the right.

ROBERT G. PEARSON
Executive Director/CEO

Encls.

cc: Housing Authority Commission



COUNTY OF SANTA BARBARA
Making a Difference Since 1962
Alcohol, Drug & Mental Health Services
Alcohol and Drug Program
300 North San Antonio Road, Bldg.3, Santa Barbara, CA 93110-1332
Telephone: (805) 681-5440 Facsimile: (805) 681-5413

Ann Detrick, PhD
Director

February 1, 2011

Robert G. Pearson
Executive Director/CEO
Housing Authority of the City of Santa Barbara
808 Laguna Street
Santa Barbara, CA 93101

Helene Schneider
Mayor, City of Santa Barbara
735 Anacapa St.
Santa Barbara, CA 93101

Dear Mr. Pearson and Mayor Schneider:

On behalf of the County of Santa Barbara Alcohol, Drug and Mental Health Services (ADMHS), our Department is hereby requesting assistance from the Housing Authority of the City of Santa Barbara and the City of Santa Barbara Redevelopment Agency to secure a new social detoxification facility in Santa Barbara.

Detoxification services are a priority for ADMHS. For the past six years, ADMHS has contracted with the Council on Alcoholism and Drug Abuse (CADA) to provide a 12-bed social detoxification service in South County at its current location, Casa Esperanza Homeless Shelter. Our Department provides \$233,790 annually to CADA for this detoxification service. As our ADMHS contractor, CADA has had a lease agreement with Casa Esperanza Homeless Shelter for use of space at the shelter.

Though the detoxification services at Casa Esperanza have been satisfactory, the location has been problematic. The current space is too small to facilitate adequate treatment activities, and the layout of the space has made it difficult to accommodate both men and women. Accordingly, for over a year, women from South County requiring detoxification services have been referred to services in North County.

Further, Casa Esperanza has indicated to CADA that it needs access to the space currently occupied by the detoxification services, and Casa Esperanza has asked CADA to relocate to another site.

ADMHS and CADA have therefore been resolved to move these detoxification services to a more appropriate location. Both ADMHS and CADA are very appreciative that the City Housing Authority has been diligently working in partnership with our organizations to find a more appropriate location for South County detoxification services. Several properties have been considered.

The property presently under consideration on 1020 Placido Place is very suitable. With relatively minor modifications to address the requirements for physically disabled persons, this property will satisfy the State of California Alcohol and Drug Programs (ADP) Detoxification Guidelines and will be able to serve both men and women. ADMHS and CADA regard this as a very desirable location for social detoxification in South County.

Marianne Garrity, R.N.
Deputy Director
Administration

Tom Alvarez, CPA
Assistant Director
Finance

Edwin Feliciano, MD
Medical Director
Assistant Director

John Doyel, MA, CADC-II
Program Manager
Alcohol & Drug Programs

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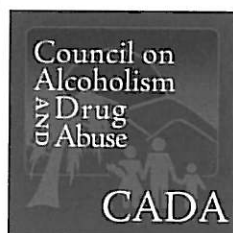
The Housing Authority would lease the space to CADA, and AMDHS would continue to contract with CADA for the delivery of services. ADMHS therefore respectfully requests the assistance of the City Housing Authority and the City of Santa Barbara Redevelopment Agency in securing a property for these important detoxification services.

Thank you very much.

Sincerely,

Ann Detrick

Ann Detrick, PhD
Director, Alcohol, Drug and Mental Health Services



The Council on Alcoholism and Drug Abuse

*Building a safer, healthier community by preventing
and treating alcoholism and drug abuse*

February 2, 2011

Helene Schneider
Mayor, City of Santa Barbara
735 Anacapa Street
Santa Barbara, CA 93101

Robert G. Pearson
Executive Director/CEO
Housing Authority of the City of Santa Barbara
808 Laguna Street
Santa Barbara, CA 93101

RECEIVED

FEB 07 2011

MAYOR & CITY CLERK
SANTA BARBARA, CA

Dear Mayor Schneider and Mr. Pearson:

The purpose of this communication is request your support and approval of the request to assist The Council on Alcoholism and Drug Abuse ("CADA") to move into a new residential detox treatment facility in the City of Santa Barbara.

As a contractor for the County of Santa Barbara Alcohol, Drug and Mental Health Services ("ADMHS") CADA has operated a 12-bed, 1200 sq. ft. residential detox treatment facility at the Casa Esperanza ("CASA") homeless shelter since 2004. Each year, approximately 250 clients receive detoxification services in an effort to achieve safe and supportive withdrawal from alcohol and/or other drugs, and to effectively facilitate the client's transition into treatment services, ongoing recovery and permanent sobriety. Monitored residential detoxification services are appropriate for participants assessed as not requiring medication for the management of withdrawal, but require this level of service to complete detoxification and enter into continued treatment or self-help recovery because of inadequate home supervision or support structure. This level is characterized by its emphasis on peer and social support.

Most of the clients are considered poor, and unable to contribute financially in a substantial way to their recovery. Approximately 89 % of the clients report to be from Santa Barbara and approximately 25 % are homeless. In December 2009, the facility was limited to males only, as the need for detox beds was greatest for men and the logistics of the space did not allow for an effective simultaneous use by both men and women. Local females are presently being treated at facilities in either Lompoc or Santa Maria.

CASA has communicated to CADA that in the face of financial and community pressures, and in order to improve security and operational efficiency at the Cacique facility, CADA's detox facility needs to vacate the space as soon as possible. In October 2010, CASA gave CADA written notice to move out of the leased space no later than January 1, 2011.

For the past year, CADA has diligently looked for an appropriate facility with the support of ADMHS and various agencies of the City of Santa Barbara, but no properties met the qualifications needed for a possible detox treatment program. A suitable facility should be approximately 2000 sq.ft, with preferable 3 or 4 bedrooms, 2 or 3 bathrooms, a group/day room, small kitchen, and some outdoor space such as a back yard. A minimum of one bedroom and one bathroom must comply with ADA regulations as defined in State guidelines, under which the treatment program is licensed and certified. The facility should also meet on site parking requirements (including ADA parking), and be compatible with the neighborhood. Clients are monitored 24 hours per day, 7 days per week and are not allowed to leave the premises without supervision.

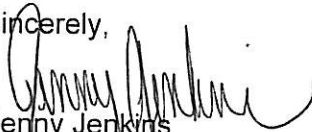
We believe we have finally located a facility that can meet all criteria at the 1020 Placido address.

Financially, CADA is not in position to acquire a detox facility outright. CADA operates the program as a contractor under an annual contract from the County of Santa Barbara. While the County provides the majority of funding, additional support is provided by the City of Santa Barbara, the Human Services Fund, private donations and client fees based on a sliding income scale. No clients are turned away for lack of funds. As clients must be permanently monitored, a minimum of one staff member is on site around the clock. Over 90% of the annual budget provides for staff and supervision expenses. Still, this is lowest cost facility on the South Coast. CADA has supported this program through the years despite substantial financial deficits in the last 5 years, but the program is currently at break even.

CADA has paid \$ 1,200 per month to Casa Esperanza for the use of the space and proposes a similar arrangement with the Housing Authority.

Without a location, this vital program will not exist. The Council on Alcoholism and Drug Abuse respectfully asks your support in making this residential detox treatment facility a reality in Santa Barbara.

Sincerely,



Penny Jenkins
President/CEO

The Council on Alcoholism and Drug Abuse